

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 INRE-00 NEA-09

EA-06 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00

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NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-01 PRS-01 PA-01 USIE-00

SAJ-01 AECE-00 IO-10 OPIC-03 /112 W

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O 101915Z JAN 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4963

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 00829

E.O. 11652: GDS

TAGS: ENRG, FR

SUBJECT: MODALITIES FOR FRENCH IEA CONSULTATION

REF: PARIS 00578

1. SUMMARY. MISSION REPORTS FURTHER INFORMATION ON FRENCH VIEWS ON COORDINATING CONSUMER POSITIONS FOR PRODUCER-CONSUMER DIALOGUE. SOURCES ARE DAVIGNON REPORT TO LANTZKE ON HIS FIRST MEETING WITH GOF, AND MISSION DISCUSSION WITH FRENCH AMBASSADOR TO OECD AND CABOUAT OF FOREIGN OFFICE. END SUMMARY.

2. LANTZKE HAS GIVEN US SUBSTANCE OF DAVIGNON'S ORAL REPORT TO HIM OF HIS FIRST CONTACT WITH FRENCH WHICH SUPPLEMENTS AND IN SOME RESPECTS DIFFERS FROM THAT GIVEN BY ULRICH (REFTEL).

3. ACCORDING TO DAVIGNON, FRENCH WANTED TO USE "EXIST-ING STRUCTURES" OF OECD, TO WHICH DAVIGNON REPLIED THAT

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IEA WAS FOCAL POINT FOR COORDINATING POSITIONS ON

PRODUCER-CONSUMER DIALOGUE, AND THERE WAS NO WAY IN WHICH OECD (NON-IEA) BODIES COULD SUPPLANT IEA IN THIS AREA. FRENCH IN RETURN SAID THAT THEY WOULD NOT ACCEPT ANY ARRANGEMENT THAT COULD BE INTERPRETED AS DE FACTO FRENCH PARTICIPATION IN IEA. ON MORE POSITIVE SIDE, DAVIGNON REPORTED HE AND ULRICH HAD DISCUSSED HOW EC INSTITUTIONS MIGHT BE MADE MORE USEFUL; DAVIGNON INDICATED IT REMAINED AN OPEN QUESTION WHAT FRENCH MIGHT BE WILLING TO DO IN EC.

4. DAVIGNON REPORTED THAT "CLIMATE" OF DISCUSSION WAS GOOD, THOUGH HE SAW NO EASY SOLUTION. HE AND FRENCH ARE TO GET TOGETHER AGAIN IN BRUSSELS WEEK OF JAN. 20. HIS CONCLUSION FROM FIRST SESSION WAS THAT IEA AND FRENCH WOULD HAVE TO GET ALONG WITH "AD HOC" CONSULTATION ARRANGEMENTS UNTIL MARCH (I.E., UNTIL PREPARATORY MEETING), WHEN LONGER-RANGE SOLUTION MIGHT BE FOUND.

5. IN ANOTHER DEVELOPMENT ON THE SAME SUBJECT, FRENCH OECD AMBASSADOR VALERY ASKED AMBASSADOR AND DCM TO LUNCH WITH QUAI ENERGY DIRECTOR CABOUAT JAN. 9. PURPOSE WAS OBVIOUSLY TO MAKE A PITCH TO US ON NEED FOR ADEQUATE CONSULTATION IN PREPARATION OF CONSUMER PROPOSITION. VALERY AND CABOUAT REJECTED THE IDEA THAT FRANCE COULD THROUGH AN INTERMEDIARY BE GIVEN FINISHED POSITIONS HAMMERED OUT IN IEA AND NOT HAVE AN EFFECTIVE OPPORTUNITY TO EXPRESS ITS VIEWS TO MAIN IEA MEMBERS, ESPECIALLY US AND JAPAN. (FRANCE WOULD HAVE OPPORTUNITY TO CONSULT WITH EC MEMBERS IN BRUSSELS.) VALERY POINTED OUT IN GOOD HUMOR ANALOGY TO OUR DISSATISFACTION WITH BEING HANDED PRE-COOKED POSITIONS HAMMERED OUT IN EC FORUM WITH LITTLE FLEXIBILITY FOR GENUINE CONSULTATION.

6. WHILE VALERY AND CABOUAT HAD "INSTRUCTIONS" TO SEEK USE OF OECD OIL HIGH-LEVEL GROUP OR SET UP AD HOC COMMITTEE, THEY VOLUNTEERED A FRANK RECOGNITION THAT IEA WOULD BE THE FOCAL POINT OF ACTIVITY FOR PREPARATION OF CONSUMER POSITIONS AND THAT FRANCE, HAVING ELECTED NOT TO JOIN IEA (A DECISION WHICH BOTH DESCRIBED AS NOT ABOUT TO BE REVERSED), DID NOT HAVE THE RIGHT TO INSIST

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THAT DISCUSSION OF CONSUMER SOLIDARITY TAKE PLACE ELSEWHERE. NOR, THEY MAINTAINED, COULD FRANCE ACCEPT ANY FORMULA WHICH OVERTLY ASSOCIATED IT WITH IEA ACTIVITIES. VALERY CONCEDED THAT FRANCE COULD NOT CLAIM A RIGHT TO A LA CARTE PARTICIPATION IN IEA. FURTHER, FRANCE WAS WELL AWARE OF THE DESIRABILITY OF NOT DUPLICATING THE WORK OF IEA, AND BOTH MEN WERE QUITE COGNIZANT OF THE PROBLEM OF SETTING UP A NEW RESTRICTED

GROUP IN OECD. NEVERTHELESS THEY STILL BELIEVED
IT IS ESSENTIAL TO SET UP SOME "MECHANISM" FOR FRANCE TO
CONSULT AT LEAST WITH THE OTHER MAJOR CONSUMERS , AND
SEPARATE BILATERAL CONTACTS WITH US AND JAPAN ,
WHILE USEFUL, WOULD NOT BE SUFFICIENT. BOTH MEN
CLAIMED TO BE SEEKING THE MOST INFORMAL TYPE OF ARRANGE-
MENT AND TO BE INTERESTED IN AVOIDING RAISING ISSUES OF
INSTITUTIONAL PRINCIPLE. HOWEVER, VALERY REMINDED US
QUITE CLEARLY OF COMMITMENT BY IEA COUNTRIES TO

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 00829

TO CARRY ON OECD ENERGY ACTIVITIES AND UNDERSTANDING
OECD WOULD FOLLOW UP ON POLICY ISSUES RAISED BY LONG-
TERM ENERGY ASSESSMENT.
WILL PRESENT A PROPOSAL SHORTLY FOR A COMMUNITY ENERGY
FUND). IT WAS ALSO ESSENTIAL FOR THE EC, THE US AND
JAPAN TO HAVE AN UNDERSTANDING ON THE PRICE TO AVOID
THE DISTORTING EFFECTS, AND ALTHOUGH THE RESPECTIVE

MECHANISMS TO GUARANTEE THE PRICE IN THE THREE AREAS MAY DIFFER THEY SHOULD BE HARMONIZED. CABOUAT APPARENTLY SEES THIS ISSUE AS CENTRAL TO ANY USEFUL DIALOGUE WITH PRODUCERS AND HE IS INTERESTED IN KNOWING WHEN THE US POSITION ON THESE ISSUES WOULD BE SUFFICIENTLY CRYSTALLIZED TO HOLD AT LEAST INFORMAL DISCUSSIONS. WE WERE UNABLE, OF COURSE, TO INFORM HIM OF THE STATE OF US DECISION-MAKING ON THESE ISSUES FOLLOWING THE VAIL MEETING. WE DID AGREE, HOWEVER, TO TRANSMIT HIS REQUEST FOR AN INFORMAL GET-TOGETHER WITH THE PRINCIPAL US REPS TO THE LONG TERM STANDING GROUP (SLT) ON JAN. 23-24.
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9. IN CONCLUSION, WE ASSERTED THAT PERHAPS WE SHOULD NOT WASTE TIME AND EFFORT ON EXPLORING INSTITUTIONAL MECHANISMS TO CONCERT POSITIONS. WE SAID THAT THESE MAY BE DIFFICULT TO SET UP AND MIGHT RAISE OLD STERILE ISSUES OF PRINCIPLE. PERHAPS, WE SAID, WE SHOULD ALL CONCENTRATE ON THE KNOTTY PROBLEMS OF SUBSTANCE SUCH AS THE ONE CABOUAT HIMSELF CITED. THERE WOULD CERTAINLY BE CONSUMER SOLIDARITY BEFORE THE PREPARATORY MEETING; OUR TWO PRESIDENTS INSISTED ON THAT, WE SAID. BUT THE COMPLEX CENTRAL ISSUES WERE NOT AMENABLE TO DISCUSSION IN LARGE FORMAL GROUPS ANYWAY. WE SAID WE WOULD TRANSMIT THEIR CONCERNS AND INTERESTS TO WASHINGTON. AN EXCHANGE WITH THE US ON THE DOWNSIDE RISK QUESTION AND EXCHANGES WITHIN THE EC ON COMMON ENERGY POLICY WERE IMPORTANT ELEMENTS IN COMING TO GRIPS WITH THE SUBSTANCE.

10. COMMENT. IT IS QUITE CLEAR FRENCH, WHO HAVE MANEUVERED THEMSELVES INTO ISOLATION ON THE PREPARATION OF POSITIONS FOR A CONSUMER/PRODUCER MEETING LIKE BEING HANDED PRE-COOKED POSITIONS EVEN LESS THAN WE DO AND WILL NOT BE SATISFIED WITH ANY SUCH ARRANGEMENTS. AT THIS STAGE THEY ARE STILL LAYING THE STRESS ON FLEXIBILITY AND INFORMALITY. VALERY ESPECIALLY POINTED OUT OECD'S HISTORY OF SOLVING THESE KNOTTY NASTY ISSUES FLEXIBLY AND PLEADED THAT SOMETHING BE DONE WITHOUT JOINING THE INSTITUTIONAL ISSUE. AT ONE POINT HE CASUALLY THREW OUT A REFERENCE TO THE "BUREAU" OF THE IEA. WE DID NOT FOLLOW UP WITH HIM BUT SUGGEST THAT WASHINGTON CONSIDER USING THE "BUREAU" TO BACK UP THE DAVIGNON CHANNEL IN THE MOST INFORMAL MANNER. SINCE THE BUREAU CONSISTS TECHNICALLY OF VICE CHAIRMEN IT WOULD BE NO GREAT DEPARTURE FROM THE GB'S DECISION FOR DAVIGNON TO ASK ROHWEDDER OF FRG, TOWE OF CANADA AND YOSHINO OF JAPAN, ALL VICE CHAIRMEN, AS WELL AS A US REPRESENTATIVE TO JOIN WITH HIM IN SOME OF HIS MEETINGS

WITH THE FRENCH. THIS TYPE OF INFORMAL MEETING COULD
BE STAFFED BY THE SECRETARIAT (A POINT VALERY THOUGHT
IMPORTANT). IT WOULD NOT RAISE ANY ISSUES OF PRINCIPLE
FOR US ON A LA CARTE PARTICIPATION OR FOR THE FRENCH
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ON ASSOCIATION WITH IEA. NOR WOULD IT RAISE THE SMALL
COUNTRY PROBLEM IN OECD. WE THINK THIS TYPE OF
SOLUTION MIGHT BE SUGGESTED TO DAVIGNON TO TAKE BACK TO
THE FRENCH AND MIGHT HEAD OFF A NASTY INSTITUTIONAL
CONFLICT.
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